

**CALL TO ORDER**

**INVOCATION & PLEDGE OF ALLEGIANCE**

**SPECIAL SESSION:**

**1. Citizen Comments:**

*This is an opportunity for citizens to address the Council on any matter, whether it is or is not posted on the agenda. The Council is not permitted to discuss or take action on any presentations made to the Council concerning an item not listed on the agenda. To address the Council, submit a Public Comment Form to the City Secretary prior to the Citizen Comments portion of the meeting, and you will be called to the podium to speak up to three (3) minutes or the time limit determined by the mayor or presiding officer. Topics of presentations should be limited to matters over which the Council has authority. Public Comment Forms are located in the lobby and online.*

**EXECUTIVE SESSION:**

- A. Consultation with attorney pursuant to Texas Government Code Sections 551.074
- Deliberation regarding the finance personnel.

**Reconvene in Special Session**

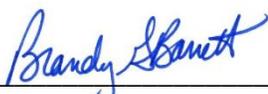
2. Discuss and take action **on the FY 2020-2021 financial audit.** (*Pattillo, Brown & Hill LLP representatives will be available via teleconference to answer questions regarding the audit results and process.*)

**ADJOURN**

*The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, whenever it is considered necessary and legally justified under the Open Meetings Act. A quorum of other committee, board and commission members may be present at this meeting; no action will be taken by them.*

*This facility is wheelchair accessible and handicapped parking spaces are available. Requests for accommodations for the hearing impaired must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (817) 710-2526 for assistance.*

*I certify that the above notice was posted on the bulletin board at the Westworth Village City Hall, 311 Burton Hill Road, Westworth Village, Texas, and city website, on this, the 25<sup>th</sup> day of March 2022, at 5pm, in accordance with Chapter 551 of the Texas Government Code.*



**Brandy G. Barrett, TRMC**  
City Administrator/City Secretary





Honorable Mayor and  
Members of the City Council  
City of Westworth Village, Texas

We have audited the financial statements of the City of Westworth Village, Texas as of and for the year ended September 30, 2021, and have issued our report thereon dated March 29, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 7, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Westworth Village, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As part of the engagement we assisted in preparing the financial statements and related notes to the financial statements of the City of Westworth Village in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

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#### **OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque



In order to ensure we maintain our independence for performing these nonaudit services certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements, related notes to the financial statements, and schedule of expenditures of federal awards and any other nonaudit services we provided. Management acknowledged, in the management representation letter, our assistance with the preparation of the financial statements, related notes to the financial statements, and schedule of expenditures of federal awards and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Westworth Village, Texas is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the current year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the accumulated depreciation is based on the related estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible accounts for property tax receivables is based on a historical collection rate of outstanding property taxes. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible trade accounts receivable is based on a historical rate of trade accounts receivable in excess of 120 days. We evaluated the key factors and assumptions used to develop the allowance for uncollectible trade accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible court fines and fees receivable is based on a historical collection rate of outstanding court fines and fees. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and pension expense are based on actuarial assumptions which are determined by the demographics of the plan and future projections made by the actuary based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the total OPEB liability and OPEB expense are based on actuarial assumptions which are determined by the demographics of the plan and future projections made by the actuary based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

## *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Westworth Village, Texas' financial statements relate to the TMRS pension and OPEB liabilities.

The disclosures in the financial statements are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Material misstatements related to the following areas detected as a result of our audit procedures were corrected by management:

- Sales tax receivable
- Gas royalties
- Accounts payable
- Accounts receivable and allowance for uncollectible accounts receivable
- Interfund balances and transfers
- Unearned revenue
- Long-term liabilities

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Westworth Village, Texas' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated March 29, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Westworth Village, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Westworth Village, Texas' auditors.

## New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements which become effective for fiscal years 2022, 2023 and 2024.

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2022.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period – This Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information will also enhance comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and the business-type activities. This Statement will become effective for the City in fiscal year 2022.

Statement No. 91, Conduit Debt Obligations – This Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. This Statement will become effective for the City in fiscal year 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for the City in fiscal year 2024.

## Restriction on Use

This report is intended solely for the information and use of the City Council of the City of Westworth Village, Texas and management of the City of Westworth Village, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 29, 2022

**CITY OF  
WESTWORTH VILLAGE, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2021**



**CITY OF WESTWORTH VILLAGE, TEXAS**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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## **INTRODUCTORY SECTION**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

**PRINCIPAL OFFICIALS**

**CITY COUNCIL**

Kelly Jones, Mayor

Phillip Poole – Place 1

Mike Dingman – Place 2

Brian Libbey – Place 3

Abe Elizondo – Place 4

Halden Griffith – Place 5

**ADMINISTRATIVE**

Brandy Barrett, City Administrator/ City Secretary

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
City of Westworth Village, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Westworth Village, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Westworth Village, Texas' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

City of Westworth Village, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Westworth Village, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Westworth Village, Texas' basic financial statements. The introductory and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of City of Westworth Village, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Westworth Village, Texas' internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 29, 2022

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Westworth Village, we offer readers of the City of Westworth Village's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,104,042 (net position). Of this amount, \$6,347,196 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. Net position also reflects \$13,941,403 that is the net investment in capital assets.
- The governmental fund statements reported a combined fund balance at year-end of \$6,871,092; of which \$4,374,694, or 64% represents unassigned fund balances.
- The General Fund unassigned fund balance of \$4,374,694 equals 154% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis are intended to serve as an introduction to the City of Westworth Village's basic financial statements. The City's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other required supplementary information in addition to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They present the financial picture of the City from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the City (excluding infrastructure purchased or donated prior to fiscal year 2003) as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables, and receivables.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, culture and recreation, and redevelopment. The business-type activities of the City are water and sewer operations and golf course. All governmental and business-type activities included in the government-wide financial statements are functions of the City (known as the primary government).

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains four governmental funds, the General Fund, the Westworth Redevelopment Authority Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all of these funds which are classified as major.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Capital Projects Fund and Westworth Redevelopment Authority Fund. A budgetary comparison schedule has been provided in this report to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains one type of proprietary fund. The City of Westworth Village uses enterprise funds to account for its water and sewer operations and golf course. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension benefits and budgetary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,104,042 as of September 30, 2021.

**TABLE 1****CITY OF WESTWORTH VILLAGE'S NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,304,855	\$ 7,466,456	\$ 1,735,379	\$ 1,364,008	\$ 10,040,234	\$ 7,986,747
Capital assets	<u>15,445,926</u>	<u>14,969,495</u>	<u>6,913,120</u>	<u>7,297,006</u>	<u>22,359,046</u>	<u>22,033,020</u>
Total assets	<u>23,750,781</u>	<u>22,435,951</u>	<u>8,648,499</u>	<u>8,661,014</u>	<u>32,399,280</u>	<u>30,019,767</u>
Deferred outflows of resources	<u>214,835</u>	<u>244,826</u>	<u>72,806</u>	<u>80,578</u>	<u>287,641</u>	<u>325,404</u>
Long-term liabilities	7,457,524	8,071,487	1,063,462	1,165,891	8,520,986	9,237,378
Other liabilities	<u>1,248,389</u>	<u>1,521,544</u>	<u>389,862</u>	<u>464,883</u>	<u>1,638,251</u>	<u>1,986,427</u>
Total liabilities	<u>8,705,913</u>	<u>9,593,031</u>	<u>1,453,324</u>	<u>1,630,774</u>	<u>10,159,237</u>	<u>11,223,805</u>
Deferred inflows of resources	<u>293,984</u>	<u>139,125</u>	<u>129,658</u>	<u>65,296</u>	<u>423,642</u>	<u>204,421</u>
Net position:						
Net investments, in capital assets	8,064,850	6,996,948	5,876,553	6,158,569	13,941,403	13,155,517
Restricted	1,815,443	1,699,002	-	-	1,815,443	1,699,002
Unrestricted	<u>5,085,426</u>	<u>4,252,671</u>	<u>1,261,770</u>	<u>886,953</u>	<u>6,347,196</u>	<u>5,139,624</u>
Total net position	<u>\$ 14,965,719</u>	<u>\$ 12,948,621</u>	<u>\$ 7,138,323</u>	<u>\$ 7,045,522</u>	<u>\$ 22,104,042</u>	<u>\$ 19,994,143</u>

Net investment in capital assets, the investment in capital assets (e.g., land, building, infrastructure, machinery and equipment) less any related debt used to acquire those assets that are still outstanding, is \$13,941,403. The City uses those assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$1,815,443 (or 8%) of the City's net position represent resources that are subject to external restrictions on how they may be used. All restricted assets of the City are being held for the purposes established by state and local laws and debt service requirements on the City's outstanding debt. The remaining portion of the City's net position, \$6,347,196, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$2,109,899 during the current fiscal year. The City's governmental activities increased net position by \$2,017,098. The total cost of all governmental activities this year was \$3,575,981. The City's business-type activities increased net position by \$92,801. The total cost of all business-type activities for fiscal year 2021 was \$3,456,711.

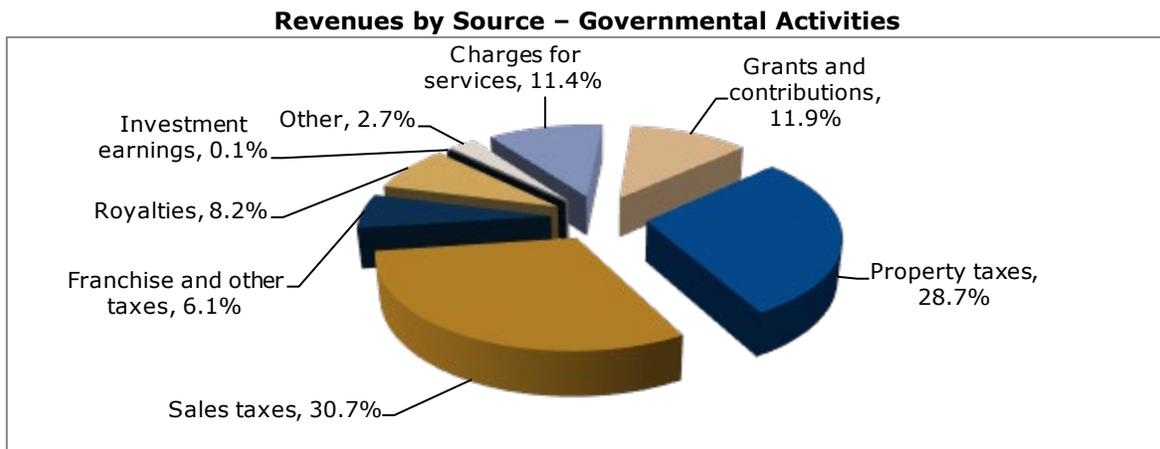
**TABLE 2**

**CITY OF WESTWORTH VILLAGE'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 639,962	\$ 545,636	\$ 3,549,470	\$ 3,080,441	\$ 4,189,432	\$ 3,626,077
Operating grants and contributions	437,841	294,951	-	-	437,841	294,951
Capital grants and contributions	228,215	927,711	-	-	228,215	927,711
General revenues:						
Property taxes	1,611,646	1,472,337	-	-	1,611,646	1,472,337
Sales taxes	1,719,793	1,844,289	-	-	1,719,793	1,844,289
Franchise taxes	343,430	363,640	-	-	343,430	363,640
Royalties	458,371	160,778	-	-	458,371	160,778
Investment earnings	5,258	15,851	42	765	5,300	16,616
Other	148,563	55,635	-	-	148,563	55,635
Transfers	-	158,921	-	( 158,921)	-	-
Total revenues	<u>5,593,079</u>	<u>5,839,749</u>	<u>3,549,512</u>	<u>2,922,285</u>	<u>9,142,591</u>	<u>8,762,034</u>
<b>Expenses:</b>						
General government	1,244,950	1,259,828	-	-	1,244,950	1,259,828
Judicial	92,657	150,213	-	-	92,657	150,213
Public safety	1,715,745	1,727,189	-	-	1,715,745	1,727,189
Public works	55,583	265,153	-	-	55,583	265,153
Culture and recreation	10,884	1,364	-	-	10,884	1,364
Redevelopment	217,627	419,857	-	-	217,627	419,857
Interest on long-term debt	238,535	257,585	-	-	238,535	257,585
Water and sewer	-	-	1,748,612	1,438,332	1,748,612	1,438,332
Golf course	-	-	1,708,099	1,585,098	1,708,099	1,585,098
Total expenses	<u>3,575,981</u>	<u>4,081,189</u>	<u>3,456,711</u>	<u>3,023,430</u>	<u>7,032,692</u>	<u>7,104,619</u>
Extraordinary item	-	( 600,000)	-	-	-	( 600,000)
Increase (decrease) in net position	2,017,098	1,158,560	92,801	( 101,145)	2,109,899	1,057,415
Net position, beginning	<u>12,948,621</u>	<u>11,790,061</u>	<u>7,045,522</u>	<u>7,146,667</u>	<u>19,994,143</u>	<u>18,936,728</u>
Net position, ending	\$ <u>14,965,719</u>	\$ <u>12,948,621</u>	\$ <u>7,138,323</u>	\$ <u>7,045,522</u>	\$ <u>22,104,042</u>	\$ <u>19,994,143</u>

**Governmental activities.** Governmental activities increased the City's net position by \$2,017,098. The key elements of this increase are as follows:

Charges for services and capital grants and contributions both decreased in fiscal year 2021. A significant increase in gas well royalties and a moderate increase in property tax revenues caused the increase in governmental activities net position.



**Business-type activities.** Business-type activities increased the City's net position by \$92,801. The golf course experienced an operating income of \$333,841 while the water and sewer fund experienced an operating loss of \$221,220. Both of these figures contain depreciation in their calculation (Water Fund depreciation \$188,794, Golf Course depreciation \$195,092), totaling \$383,886.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported an ending fund balance of \$6,871,092, an increase of \$258,726 in comparison with the prior year. \$4,374,694 or 64% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted for redevelopment \$1,031,367, debt service \$455,623, and other \$52,187.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,374,694. As a measure of the General Fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 154%, or slightly more than 561 days of total General Fund expenditures.

The City's General fund balance increased \$190,566 during the current fiscal year. Revenues for the General Fund were higher than the prior year.

The Debt Service fund balance increased from \$399,492 to \$455,623. Debt service payments from this fund were slightly lower than the prior year. The City changed the M&O tax rate & the I&S tax rate, making the rates \$0.2423 and \$0.2327, respectively.

The WRA fund balance decreased from \$1,248,533 to \$1,031,367. The WRA received \$451,379 in gas well royalties which was then transferred into the General Fund. The WRA is responsible for maintenance of the City's parks and landscaping needs as well as continuing debt obligations.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer fund continues to be self-supporting generating a decrease in net position of \$221,220 in FY 2021. The Water and Sewer fund contains the operating revenues and expenses associated with solid waste collection which is also self-supporting.

The Hawks Creek Golf Course (HCGC) fund had a net increase in net position from operations of \$333,841. This increase is primarily the result of an operating revenues exceeding operating expense.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the original 2021 General Fund annual budget during the fiscal year. The following are significant variations between the original budget and actual amounts:

- Actual revenues were more than budgeted by \$26,759, and
- Actual expenditures were less than budgeted by \$36,719.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The City's investment in total capital assets, for its governmental and business-type activities as of September 30, 2021, amounts to \$22,359,046 (net of accumulated depreciation). Investments in capital assets related to governmental activities (\$15,445,926) includes land, construction in progress, buildings and improvements, infrastructure, furniture and fixtures, machinery and equipment, and vehicles. The City's investments in capital assets related to business-type activities (\$6,913,120) include the water and sewer system, golf course, machinery and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

- Construction for infrastructure improvements for the governmental activities of \$821,705;

**TABLE 3**

**CITY OF WESTWORTH VILLAGE'S CAPITAL ASSETS  
(net of depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 644,158	\$ 644,158	\$ 2,097,881	\$ 2,097,881	\$ 2,742,039	\$ 2,742,039
Construction in progress	1,879,216	1,057,511	20,000	20,000	1,899,216	1,077,511
Buildings and improvements	3,767,468	3,872,030	46,086	57,910	3,813,554	3,929,940
Golf course	-	-	499,871	591,725	499,871	591,725
Water and sewer system	-	-	3,897,064	4,070,203	3,897,064	4,070,203
Infrastructure	9,068,432	9,270,368	-	-	9,068,432	9,270,368
Machinery and equipment	86,652	125,428	352,218	459,287	438,870	584,715
Total capital assets	\$ 15,445,926	\$ 14,969,495	\$ 6,913,120	\$ 7,297,006	\$ 22,359,046	\$ 22,266,501

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Westworth Village had total debt outstanding of \$8,520,986. Of this amount, \$8,467,401 represents general obligation bonds, combined tax and revenue bonds, and certificates of obligation secured by property tax collections, and \$287,528 represents capital lease obligations. The City's total debt decreased by a net amount of \$716,392. This decrease is the result of current year debt service payments.

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2021 was \$0.475 per \$100 assessed valuation, of which \$0.232716 was for annual debt service.

Additional information on the City's long-term debt can be found in the notes to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The annual budget is developed to provide efficient, effective and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The City is continuing a very active program in infrastructure improvements including streets, water and sewer lines and alleyways throughout the City.

In considering the City budget for fiscal year 2022, the City Council and management considered the following factors:

- Sales tax revenue is projected with a slight increase over the previous year's projections.
- Property tax revenue was budgeted to increase while the City maintained its tax rate at \$0.475 per \$100 due to an increase in taxable value and new construction.
- The General Fund operational budget for the City is balanced, expenses remain in line with prior years with minor cost of living and benefit increases.
- The City will continue construction on Melva Campbell Park.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City of Westworth Village's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Secretary at 311 Burton Hill Road, Westworth Village, Texas 76114.

**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Crime Control and Prevention District
<b>ASSETS</b>				
Cash and investments	\$ 7,140,821	\$ 1,463,269	\$ 8,604,090	\$ 324,555
Receivables, net:				
Accounts	-	213,161	213,161	-
Taxes	330,715	-	330,715	108,966
Other	114,943	-	114,943	-
Due from other governments	177,783	-	177,783	-
Due from component unit	187,383	-	187,383	-
Internal balances	( 15,260)	15,260	-	-
Inventory	-	33,557	33,557	-
Net pension asset	22,974	10,132	33,106	5,158
Land held for sale	345,496	-	345,496	-
Capital assets:				
Nondepreciable	2,523,374	2,117,881	4,641,255	-
Depreciable, net	12,922,552	4,795,239	17,717,791	-
Total capital assets	15,445,926	6,913,120	22,359,046	-
Total assets	23,750,781	8,648,499	32,399,280	438,679
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	49,758	-	49,758	-
Deferred outflows related to pensions	144,701	63,819	208,520	32,488
Deferred outflows related to OPEB	20,376	8,987	29,363	4,575
Total deferred outflows of resources	214,835	72,806	287,641	37,063
<b>LIABILITIES</b>				
Accounts payable	514,673	119,772	634,445	-
Accrued liabilities	182,285	32,172	214,457	16,751
Due to other governments	70,703	100,429	171,132	-
Due to primary government	-	-	-	187,383
Unearned revenue	396,305	5,680	401,985	-
Customer deposits	-	94,576	94,576	-
Long-term liabilities:				
Due within one year				
Long-term debt	594,156	114,335	708,491	1,406
Total OPEB liability	2,608	1,150	3,758	586
Due in more than one year				
Long-term debt	6,863,368	949,127	7,812,495	5,625
Total OPEB liability	81,815	36,083	117,898	18,368
Total liabilities	8,705,913	1,453,324	10,159,237	230,119
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to OPEB	7,491	3,304	10,795	1,682
Deferred inflows related to pensions	286,493	126,354	412,847	64,323
Total deferred inflows of resources	293,984	129,658	423,642	66,005
<b>NET POSITION</b>				
Net investment in capital assets	8,064,850	5,876,553	13,941,403	-
Restricted for:				
Public safety-crime control	-	-	-	179,618
Redevelopment	1,031,367	-	1,031,367	-
Debt service	426,177	-	426,177	-
Street improvements	305,712	-	305,712	-
Other	52,187	-	52,187	-
Unrestricted	5,085,426	1,261,770	6,347,196	-
Total net position	\$ 14,965,719	\$ 7,138,323	\$ 22,104,042	\$ 179,618

The accompanying notes are an integral part of these financial statements.

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,244,950	\$ 341,311	\$ 375,079	\$ 181,075
Judicial	92,657	298,274	-	-
Public safety	1,715,745	377	62,762	47,140
Public works	55,583	-	-	-
Culture and recreation	10,884	-	-	-
Redevelopment	217,627	-	-	-
Interest on long-term debt	238,535	-	-	-
Total governmental activities	<u>3,575,981</u>	<u>639,962</u>	<u>437,841</u>	<u>228,215</u>
Business-type activities:				
Water and sewer	1,748,612	1,507,530	-	-
Hawks creek golf course	<u>1,708,099</u>	<u>2,041,940</u>	-	-
Total business-type activities	<u>3,456,711</u>	<u>3,549,470</u>	-	-
Total primary government	<u>7,032,692</u>	<u>4,189,432</u>	<u>437,841</u>	<u>228,215</u>
Component Unit:				
Crime Control and Prevention District	\$ <u>607,557</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
General revenues:				
Taxes				
Property				
Sales				
Franchise and other taxes				
Royalties				
Investment earnings				
Miscellaneous				
Total general revenues				
Changes in net position				
Net position, beginning				
Net position, ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Crime Control and Prevention District
\$( 347,485)	\$ -	\$( 347,485)	\$ -
205,617	-	205,617	-
( 1,605,466)	-	( 1,605,466)	-
( 55,583)	-	( 55,583)	-
( 10,884)	-	( 10,884)	-
( 217,627)	-	( 217,627)	-
( 238,535)	-	( 238,535)	-
( 2,269,963)	-	( 2,269,963)	-
-	( 241,082)	( 241,082)	-
-	333,841	333,841	-
-	92,759	92,759	-
( 2,269,963)	92,759	( 2,177,204)	-
-	-	-	( 607,557)
1,611,646	-	1,611,646	-
1,719,793	-	1,719,793	665,109
343,430	-	343,430	-
458,371	-	458,371	-
5,258	42	5,300	-
148,563	-	148,563	-
4,287,061	42	4,287,103	665,109
2,017,098	92,801	2,109,899	57,552
12,948,621	7,045,522	19,994,143	122,066
\$ 14,965,719	\$ 7,138,323	\$ 22,104,042	\$ 179,618

**CITY OF WESTWORTH VILLAGE, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,015,435	\$ 853,206	\$ 956,506
Receivables, net:			
Taxes	219,714	-	3,933
Other	114,943	-	-
Due from other governments	3,616	174,167	-
Due from other funds	1,148,297	313,295	61,920
Due from component unit	187,383	-	-
Land held for resale	-	-	-
Total assets	<u>6,689,388</u>	<u>1,340,668</u>	<u>1,022,359</u>
<b>LIABILITIES</b>			
Accounts payable	277,052	195,199	-
Accrued liabilities	141,494	-	-
Due to other governments	70,703	-	-
Due to other funds	1,274,851	319,793	565,420
Unearned revenue	396,305	-	-
Total liabilities	<u>2,160,405</u>	<u>514,992</u>	<u>565,420</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	1,057	-	1,316
Unavailable revenue - court fines	101,045	-	-
Unavailable revenue - grants	-	174,167	-
Total deferred inflows of resources	<u>102,102</u>	<u>174,167</u>	<u>1,316</u>
<b>FUND BALANCES</b>			
Restricted for:			
Redevelopment	-	-	-
Debt service	-	-	455,623
Street improvements	-	-	-
Other	52,187	-	-
Committed for:			
Capital projects	-	651,509	-
Unassigned	4,374,694	-	-
Total fund balances	<u>4,426,881</u>	<u>651,509</u>	<u>455,623</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 6,689,388</u>	 <u>\$ 1,340,668</u>	 <u>\$ 1,022,359</u>

<u>Nonmajor Street Fund</u>	<u>Westworth Redevelopment Authority</u>	<u>Total Governmental Funds</u>
\$ 214,456	\$ 101,218	\$ 7,140,821
53,534	53,534	330,715
-	-	114,943
-	-	177,783
334,431	964,761	2,822,704
-	-	187,383
-	345,496	345,496
<u>602,421</u>	<u>1,465,009</u>	<u>11,119,845</u>
4,681	37,741	514,673
5,713	4,316	151,523
-	-	70,703
286,315	391,585	2,837,964
-	-	396,305
<u>296,709</u>	<u>433,642</u>	<u>3,971,168</u>
-	-	2,373
-	-	101,045
-	-	174,167
<u>-</u>	<u>-</u>	<u>277,585</u>
-	1,031,367	1,031,367
-	-	455,623
305,712	-	305,712
-	-	52,187
-	-	651,509
-	-	4,374,694
<u>305,712</u>	<u>1,031,367</u>	<u>6,871,092</u>
\$ <u>602,421</u>	\$ <u>1,465,009</u>	\$ <u>11,119,845</u>

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**CITY OF WESTWORTH VILLAGE, TEXAS**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Total fund balances - governmental funds	\$ 6,871,092
Capital assets used in governmental activities are not reported in the funds.	15,445,926
A portion of property taxes, court fines, and grants receivable are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	277,585
Certain items are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest	( 30,762)
Long-term liabilities and deferred losses on bond refundings, reported as deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities:	
Bonds payable	( 7,136,010)
Premium on bond issuance	( 294,824)
Compensated absences	( 26,690)
Deferred outflows of resources:	
Deferred loss on bond refunding	49,758
Included in the items related to long-term liabilities is the recognition of the City's net pension liability, total OPEB liability, and related deferred inflows and outflows	
Long-term liabilities:	
Net pension asset	22,974
Total OPEB liability	( 84,423)
Deferred outflows and inflows of resources:	
Deferred outflow of resources related to OPEB	20,376
Deferred outflow of resources related to pension	144,701
Deferred inflow of resources related to pension	( 7,491)
Deferred inflow of resources related to pension	<u>( 286,493)</u>
Net position of governmental activities	\$ <u>14,965,719</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE SIN FUND BALANCE  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Property taxes	\$ 840,677	\$ -	\$ 776,535
Sales taxes	1,054,079	-	-
Franchise fees and other taxes	343,430	-	-
Licenses and permits	341,311	-	-
Intergovernmental	82,684	181,075	-
Charges for services	1,147	-	-
Fines and forfeitures	292,562	-	-
Royalties	6,992	-	-
Investment earnings	5,210	12	172
Contributions	133,568	30,000	111,511
Miscellaneous	81,403	-	-
Total revenues	<u>3,183,063</u>	<u>211,087</u>	<u>888,218</u>
<b>EXPENDITURES</b>			
Current:			
General government	993,305	-	-
Judicial	143,374	-	-
Public safety:			
Police	1,347,260	-	-
Fire	356,631	-	-
Public works	-	-	-
Culture and recreation	3,306	-	-
Redevelopment	-	-	-
Capital outlay	-	260,236	-
Debt service:			
Principal	-	-	568,081
Interest and other fees	-	-	264,006
Total expenditures	<u>2,843,876</u>	<u>260,236</u>	<u>832,087</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>339,187</u>	<u>(49,149)</u>	<u>56,131</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	451,379	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>451,379</u>	<u>-</u>	<u>-</u>
<b>EXTRAORDINARY ITEM</b>	<u>( 600,000)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>190,566</u>	<u>( 49,149)</u>	<u>56,131</u>
<b>FUND BALANCES, BEGINNING</b>	<u>4,236,315</u>	<u>700,658</u>	<u>399,492</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>4,426,881</u>	\$ <u>651,509</u>	\$ <u>455,623</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Street Fund	Westworth Redevelopment Authority	Total Governmental Funds
\$ -	\$ -	\$ 1,617,212
332,857	332,857	1,719,793
-	-	343,430
-	-	341,311
-	-	263,759
-	-	1,147
-	-	292,562
-	451,379	458,371
-	62	5,456
-	100,000	375,079
<u>1,070</u>	<u>65,892</u>	<u>148,365</u>
<u>333,927</u>	<u>950,190</u>	<u>5,566,485</u>
-	-	993,305
-	-	143,374
-	-	1,347,260
-	-	356,631
55,583	-	55,583
-	-	3,306
-	715,977	715,977
-	-	260,236
-	-	568,081
-	-	264,006
<u>55,583</u>	<u>715,977</u>	<u>4,707,759</u>
<u>278,344</u>	<u>234,213</u>	<u>858,726</u>
-	-	451,379
-	( 451,379)	( 451,379)
-	( 451,379)	-
-	-	( 600,000)
<u>278,344</u>	<u>( 217,166)</u>	<u>258,726</u>
<u>27,368</u>	<u>1,248,533</u>	<u>6,612,366</u>
\$ <u>305,712</u>	\$ <u>1,031,367</u>	\$ <u>6,871,092</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 258,726

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital outlay reported in the current period. 1,001,572

Capital assets contributed to the City from discretely presented component unit 47,140

Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in the governmental funds. ( 572,281)

The change in property taxes, court fines, and grants unavailable revenue is reported as revenue in the statement of activities, however, this change does not provide current financial resources and is therefore not reported as revenues in the funds. ( 20,546)

Some expenses reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Legal settlement 600,000  
Accrued interest payable on long-term debt 2,082  
Compensated absences liability 16,964  
Net pension liability 101,347  
Total OPEB liability ( 9,376)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal on long-term debt 568,081  
Amortization of:  
Premium on bond issuance 28,918  
Deferred loss on bond refunding ( 5,529)

Change in net position of governmental activities - statement of activities \$ 2,017,098

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF NET POSITION  
ENTERPRISE FUNDS

SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Hawks Creek Golf Course	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 689,696	\$ 773,573	\$ 1,463,269
Accounts receivable, net	193,034	20,127	213,161
Due from other funds	166,303	39,688	205,991
Net Pension Asset	2,931	7,201	10,132
Inventory	-	33,557	33,557
Total current assets	<u>1,051,964</u>	<u>874,146</u>	<u>1,926,110</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	20,000	2,097,881	2,117,881
Depreciable, net	<u>3,926,000</u>	<u>869,239</u>	<u>4,795,239</u>
Total noncurrent assets	<u>3,946,000</u>	<u>2,967,120</u>	<u>6,913,120</u>
Total assets	<u>4,997,964</u>	<u>3,841,266</u>	<u>8,839,230</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	18,461	45,358	63,819
Deferred outflows related to OPEB	<u>2,600</u>	<u>6,387</u>	<u>8,987</u>
Total deferred resource outflows	<u>21,061</u>	<u>51,745</u>	<u>72,806</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	74,060	45,712	119,772
Accrued liabilities	6,566	25,606	32,172
Due to other governments	97,747	2,682	100,429
Due to other funds	-	190,731	190,731
Unearned revenues	-	5,680	5,680
Customer deposits	94,576	-	94,576
Certificates of obligation	15,909	37,272	53,181
Capital leases	-	55,775	55,775
Compensated absences	<u>972</u>	<u>4,407</u>	<u>5,379</u>
Total current liabilities	<u>289,830</u>	<u>367,865</u>	<u>657,695</u>
Noncurrent liabilities:			
Certificates of obligation	223,405	523,404	746,809
Capital leases	-	180,802	180,802
Compensated absences	3,886	17,630	21,516
Total OPEB liability	<u>10,770</u>	<u>26,463</u>	<u>37,233</u>
Total noncurrent liabilities	<u>238,061</u>	<u>748,299</u>	<u>986,360</u>
Total liabilities	<u>527,891</u>	<u>1,116,164</u>	<u>1,644,055</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	956	2,348	3,304
Deferred inflows related to pensions	<u>36,551</u>	<u>89,803</u>	<u>126,354</u>
Total deferred resource inflows	<u>37,507</u>	<u>92,151</u>	<u>129,658</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,706,686	2,169,867	5,876,553
Unrestricted	<u>746,941</u>	<u>514,829</u>	<u>1,261,770</u>
Total net position	<u>\$ 4,453,627</u>	<u>\$ 2,684,696</u>	<u>\$ 7,138,323</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Hawks Creek Golf Course	Total
<b>OPERATING REVENUES</b>			
Water services	\$ 665,954	\$ -	\$ 665,954
Sewer services	692,454	-	692,454
Sanitation services	149,122	-	149,122
Golf course	-	2,041,940	2,041,940
Total operating revenues	<u>1,507,530</u>	<u>2,041,940</u>	<u>3,549,470</u>
<b>OPERATING EXPENSES</b>			
Supplies and maintenance	179,631	530,978	710,609
Personnel services	260,870	731,906	992,776
Contractual services	890,625	19,818	910,443
Other	217,495	204,072	421,567
Depreciation	188,794	195,092	383,886
Total operating expenses	<u>1,737,415</u>	<u>1,681,866</u>	<u>3,419,281</u>
<b>OPERATING INCOME (LOSS)</b>	<u>( 229,885)</u>	<u>360,074</u>	<u>130,189</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	42	-	42
Interest expense	( 11,197)	( 26,233)	( 37,430)
Total nonoperating revenues (expenses)	<u>( 11,155)</u>	<u>( 26,233)</u>	<u>( 37,388)</u>
<b>CHANGE IN NET POSITION</b>	<u>( 241,040)</u>	<u>333,841</u>	<u>92,801</u>
<b>NET POSITION, BEGINNING</b>	<u>4,694,667</u>	<u>2,350,855</u>	<u>7,045,522</u>
<b>NET POSITION, ENDING</b>	<u>\$ 4,453,627</u>	<u>\$ 2,684,696</u>	<u>\$ 7,138,323</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Hawks Creek Golf Course	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,506,176	\$ 2,023,086	\$ 3,529,262
Cash paid to suppliers for goods and services	( 1,277,896)	( 774,333)	( 2,052,229)
Cash paid to employees for services	( 258,229)	( 724,496)	( 982,725)
Net cash provided (used) by operating activities	<u>( 29,949)</u>	<u>524,257</u>	<u>494,308</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from (paid to) other funds	<u>2,464</u>	( 63,850)	( 61,386)
Net cash provided (used) by noncapital financing activities	<u>2,464</u>	( 63,850)	( 61,386)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on capital debt	( 11,197)	( 26,233)	( 37,430)
Principal repayments on debt	( 15,232)	( 86,638)	( 101,870)
Net cash provided (used) by capital and related financing activities	<u>( 26,429)</u>	<u>( 112,871)</u>	<u>( 139,300)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>42</u>	-	<u>42</u>
Net cash provided (used) by investing activities	<u>42</u>	-	<u>42</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 53,872)	347,536	293,664
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>743,568</u>	<u>426,037</u>	<u>1,169,605</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>689,696</u>	<u>773,573</u>	<u>1,463,269</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	( 229,885)	360,074	130,189
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	188,794	195,092	383,886
(Increase) decrease in accounts receivable	( 5,759)	( 12,832)	( 18,591)
(Increase) decrease in inventory	-	12,402	12,402
(Increase) decrease in deferred outflows	( 5,733)	( 1,924)	( 7,657)
Increase (decrease) in accounts payable	( 54,241)	17,970	( 36,271)
Increase (decrease) in accrued liabilities	( 186)	-	( 186)
Increase (decrease) in unearned revenues	-	( 6,022)	( 6,022)
Increase (decrease) in due to other governments	64,282	-	64,282
Increase (decrease) in compensated absences	1,678	( 2,237)	( 559)
Increase (decrease) in net pension liability	( 23,767)	( 95,470)	( 119,237)
Increase (decrease) in total OPEB liability	5,164	2,712	7,876
Increase (decrease) in customer deposits	4,405	-	4,405
Increase (decrease) in deferred inflows	<u>25,299</u>	<u>54,492</u>	<u>79,791</u>
Net cash provided (used) by operating activities	<u>\$( 29,949)</u>	<u>\$ 524,257</u>	<u>\$ 494,308</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF WESTWORTH VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Westworth Village, Texas, is incorporated and operates as a general law City. The City operates under a mayor-council form of government and provides the following services as authorized by its ordinances: general government, judicial, public safety (police and fire), culture and recreation, water and sewer system, and golf course.

The financial statements of the City of Westworth Village, Texas are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### **Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations. Thus, the blended component unit is appropriately presented as a fund of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

#### **Blended Component Unit**

*Westworth Redevelopment Authority* – Westworth Redevelopment Authority (WRA) was created by action of the Westworth Village City Council on July 8, 1997, as a Texas nonprofit public corporation, acting on behalf of the City, and is a blended component unit in the City's financial statements. WRA provides redevelopment of certain properties, located within the City, which were part of the Carswell Air Force Base, prior to its realignment. WRA is governed by a seven-member board. Four members are appointed by the City government, and the governing body of the City is substantively the same as the governing body of the WRA. Financial statements may be obtained directly from WRA, 311 Burton Hill Road, Westworth Village, Texas 76114.

#### **Discretely Presented Component Unit**

*Westworth Village Crime Control and Prevention District* – The City created the entity to provide supplemental funding to the police department in order to provide funding for crime control and prevention. Funding for the Crime Control and Prevention District is generated from ¼ cent of sales tax. The governing body is currently made up of seven members, all of whom were appointed by the City Council. The entity was subject to a five-year sunset provision, which was reinstated for an additional 20 years. The Crime Control and Prevention District provides all of its services to the Citizenry City of Westworth Village, Texas, and upon its dissolution, all assets and liabilities shall be distributed to the City. The District may finance all of the costs of a crime control and crime prevention program, including the costs for personnel, administration, expansion, enhancement, and capital expenditures.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities reflects the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Property taxes, franchise taxes, sales taxes, charges for services, fines and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Governmental Funds** are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Capital Projects Fund** is used by the City to track bond and other proceeds to be used for capital construction projects. These purposes include completion of various infrastructure improvements.

The **Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The **Westworth Redevelopment Authority Fund** is a blended component unit and is reported as a special revenue fund of the City. This fund is utilized to account for sales tax and other sources which provide funding for redevelopment of certain properties, located within the City, which were part of the Carswell Air Force Base, prior to its realignment.

Additionally, the City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for water and sewer operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the City is that the cost of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

The **Hawks Creek Golf Course Fund** is used to account for golf course operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the City is that the cost of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance**

### **Cash and Cash Equivalents**

For purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include cash demand and time deposits and investments with a maturity of three months or less when purchased.

### **Investments**

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses limitations on instruments, diversification, and maturity scheduling.

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States of America, its agencies and instrumentalities;
2. Certificates of deposit issued by a bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the law of another state, or federal law, that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit insurance or its successor or secured by obligations in a manner and amount provided by law for deposits for the City;

3. Money market mutual funds that are 1) registered and regulated by the Securities and Exchange commission, 2) have a dollar weighted average stated maturity of 90 days or less, 4) rated AAA by at least one nationally recognized rating service, and 4) seek to maintain a net position value of \$1 per share;
4. Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Council.

The City participates in TexPool, which is a local government investment pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the Investment Policy and management fee structure.

### **Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Receivables**

Accounts receivable for water and sewer accounts, property taxes and court fines receivables are shown net of an allowance for uncollectibles. The calculation of these allowances is based on the following considerations:

- Water and sewer accounts receivable in excess of 120 days comprise the water and sewer accounts receivable allowance for uncollectibles.
- Current year property tax collections are consistently around 99% of the tax levy. The City is accumulating a property tax receivable balance which represents the approximate 1% balance not collected each year. The allowance for uncollectible property taxes is set at 51% of the uncollected balance for all years outstanding at September 30, 2021. This percentage is based on historical collections and projected future collections.
- The court fines receivable allowance is equal to 95 percent of outstanding court fines as of year-end. This percentage is based off historical collections.

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

### **Inventories**

All inventories are valued at cost (first-in, first-out method).

## Land Held for Sale

Land held for sale consists of land which was purchased from the United States Department of the Air Force through a lease. In this lease, the City agreed to purchase the land from the Air Force in accordance with the economic development conveyance application in which the City outlined a redevelopment plan for the reutilization and development of Carson Air Force Base. This land is being held for sale for future development and was obtained to provide new opportunities for commercial and industrial redevelopment and to spur job creation and was not obtained to be a profit or income generating investment to the City. This land is available for sale and is stated at the lower of cost or net realizable value.

## Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	30 - 50
Infrastructure	30
Golf course	15
Waterworks and sewer lines	5 - 30
Heavy machinery	3 - 20
Transportation vehicles	5 - 15
Office equipment	3 - 15

Infrastructure acquired prior to October 1, 2003, has not been recorded. The City has elected not to report major general infrastructure assets retroactively in accordance with GASB Statement No. 34.

## Compensated Absences

The City permits employees to accumulate earned but unused vacation and sick leave benefits. Sick leave is recorded when paid because employees are not compensated for unused sick leave if terminated. Unused vacation leave is carried forward from one year to the next up to certain limits. Vacation leave is accrued when incurred in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. A liability for these amounts is reported in governmental funds only if they have matured (for example, as a result of employee resignations and retirements).

## Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

## **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expenses, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Other Post-Employment Benefits**

**TMRS Supplemental Death Benefits Fund.** For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

## **Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### **Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions subsequent to the measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between projected and actual investment earnings on pension assets. This difference is deferred and amortized over a closed five-year period.
- Differences between expected and actual economic experience related to the TMRS pension liability and TMRS SDBF OPEB liability.
- Changes in actuarial assumptions related to the TMRS pension liability and the total TMRS SDBF OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Differences between expected and actual economic experience related to the TMRS pension liability.
- Unavailable revenue, which only arises under a modified accrual basis of accounting.
- Changes in actuarial assumptions related to the total TMRS SDBF OPEB liability.

### **Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### **Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**II. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Reporting Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 1,846,181	37

TexPool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity.

**Interest Rate Risk** – Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. The City’s policy is to invest in securities maturing less than two years from the date of purchase, and the portfolio will have a weighted average maturity of 365 days or less. The City’s investments included investment pools and, therefore, were not exposed to interest rate risk as of year-end.

**Credit Risk** – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of year-end, the TexPool investment pool was rated AAAM by Standard & Poor’s.

**Concentration of Credit Risk** – The City’s investment policies limits exposure of concentration of credit risk by restricting investments in the following investment instruments. However, at September 30, 2021, the City was over-exposed on the Money Market Mutual Funds category by 3%. The City set funds aside in its money market account during the fiscal year for the Trails project but due to a slowdown in the project, did not spend the funds as planned.

	<u>Actual Percentage of Portfolio</u>	<u>Maximum Percentage of Portfolio</u>
U. S. Treasury Securities	- %	85%
Agencies and Instrumentalities	- %	85%
Certificates of Deposit	- %	85%
Money Market Mutual Funds	62%	85%
Authorized Pools	38%	100%

**Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. At year-end, the City’s entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

**B. Receivables**

Receivables as of year-end for the City’s individual funds and discretely presented component unit, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Funds		Component Unit	Total
	General	Debt Service	Streets	Westworth Redevelopment Authority	Water and Sewer	Hawks Creek Golf Course	Crime Control and Prevention District	
Receivables:								
Accounts:								
Customers	\$ -	\$ -	\$ -	\$ -	\$ 216,772	\$ 20,127	\$ -	\$ 236,899
Court fines	2,020,906	-	-	-	-	-	-	2,020,906
Other	733	-	-	-	-	-	-	733
Taxes:								
Property	16,190	17,329	-	-	-	-	-	33,519
Sales	214,135	-	53,534	53,534	-	-	108,966	430,169
Other	1,905	-	-	-	-	-	-	1,905
Franchise fees	13,165	-	-	-	-	-	-	13,165
Gross receivables	2,267,034	17,329	53,534	53,534	216,772	20,127	108,966	2,737,296
Allowance for uncollectibles	( 1,932,377)	( 13,396)	-	-	( 23,738)	-	-	( 1,969,511)
Net total receivables	\$ 334,657	\$ 3,933	\$ 53,534	\$ 53,534	\$ 193,034	\$ 20,127	\$ 108,966	\$ 767,785

**C. Interfund Balances and Activity**

Interfund balances as of year-end were as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects	Hawks Creek Golf Course	\$ 19,971
Capital Projects	Westworth Redevelopment Authority	220,955
Capital Projects	Debt Service	6,369
Capital Projects	Streets	66,000
Debt Service	Hawks Creek Golf Course	61,920
General Fund	Streets	217,395
General Fund	Hawks Creek Golf Course	105,738
General Fund	Capital Projects	307,853
General Fund	Debt Service	517,311
Hawks Creek Golf Course	Debt Service	39,422
Hawks Creek Golf Course	Streets	266
Streets	General Fund	163,801
Streets	Westworth Redevelopment Authority	170,630
Water and Sewer	Streets	2,654
Water and Sewer	General Fund	146,289
Water and Sewer	Debt Service	2,318
Water and Sewer	Capital Projects	11,940
Water and Sewer	Hawks Creek Golf Course	3,102
Westworth Redevelopment Authority	General Fund	964,761
Total		\$ 3,028,695

Interfund balances resulted from the timing difference between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year were as follows:

Transfers In	Transfers Out	Amounts
General Fund	Westworth Redevelopment Authority	\$ 451,379
Total		\$ 451,379

Transfers were to transfer gas royalty proceeds from the Westworth Redevelopment Authority to the General Fund to fund projects.

## D. Capital Assets

Capital asset activity for the governmental activities for the fiscal year ended September 30, 2021, was as follows:

### Governmental Activities

	Balance 10/1/2020	Increases	Transfers/ Decreases	Balance 9/30/2021
Capital assets, not being depreciated:				
Land	\$ 644,158	\$ -	\$ -	\$ 644,158
Construction in progress	<u>1,057,511</u>	<u>821,705</u>	<u>-</u>	<u>1,879,216</u>
Total capital assets not being depreciated	<u>1,701,669</u>	<u>821,705</u>	<u>-</u>	<u>2,523,374</u>
Capital assets, being depreciated:				
Buildings and improvements	5,490,180	-	-	5,490,180
Infrastructure	11,542,520	189,119	-	11,731,639
Machinery and equipment	<u>1,825,370</u>	<u>37,888</u>	<u>-</u>	<u>1,863,258</u>
Total capital assets, being depreciated	<u>18,858,070</u>	<u>227,007</u>	<u>-</u>	<u>19,085,077</u>
Less: accumulated depreciated for:				
Buildings and improvements	( 1,618,150)	( 104,562)	-	( 1,722,712)
Infrastructure	( 2,272,152)	( 391,055)	-	( 2,663,207)
Machinery and equipment	<u>( 1,699,942)</u>	<u>( 76,664)</u>	<u>-</u>	<u>( 1,776,606)</u>
Total capital assets being depreciated	<u>( 5,590,244)</u>	<u>( 572,281)</u>	<u>-</u>	<u>( 6,162,525)</u>
Total capital assets being depreciated, net	<u>13,267,826</u>	<u>( 345,274)</u>	<u>-</u>	<u>12,922,552</u>
Total capital assets - governmental activities	<u>\$ 14,969,495</u>	<u>\$ 476,431</u>	<u>\$ -</u>	<u>\$ 15,445,926</u>

Capital asset activity for the business-type activities for the fiscal year ended September 30, 2021, was as follows:

### Business-type Activities

	Balance 10/1/2020	Increases	Decreases	Balance 9/30/2021
Capital assets, not being depreciated:				
Land	\$ 2,097,881	\$ -	\$ -	\$ 2,097,881
Construction in progress	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total capital assets not being depreciated	<u>2,117,881</u>	<u>-</u>	<u>-</u>	<u>2,117,881</u>
Capital assets, being depreciated:				
Buildings and improvements	458,923	-	-	458,923
Golf course	2,751,272	-	-	2,751,272
Water and sewer system	6,669,946	-	-	6,669,946
Machinery and equipment	<u>1,538,059</u>	<u>-</u>	<u>-</u>	<u>1,538,059</u>
Total capital assets, being depreciated	<u>11,418,200</u>	<u>-</u>	<u>-</u>	<u>11,418,200</u>
Less: accumulated depreciated for:				
Buildings and improvements	( 401,013)	( 11,824)	-	( 412,837)
Golf course	( 2,159,547)	( 91,854)	-	( 2,251,401)
Water and sewer system	( 2,599,743)	( 173,139)	-	( 2,772,882)
Machinery and equipment	<u>( 1,078,772)</u>	<u>( 107,069)</u>	<u>-</u>	<u>( 1,185,841)</u>
Total capital assets being depreciated	<u>( 6,239,075)</u>	<u>( 383,886)</u>	<u>-</u>	<u>( 6,622,961)</u>
Total capital assets being depreciated, net	<u>5,179,125</u>	<u>( 383,886)</u>	<u>-</u>	<u>4,795,239</u>
Total capital assets - business-type activities	<u>\$ 7,297,006</u>	<u>\$( 383,886)</u>	<u>\$ -</u>	<u>\$ 6,913,120</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 547,289
Public safety	15,105
Redevelopment	<u>9,887</u>
Total governmental activities	<u>\$ 572,281</u>
Business-type activities:	
Water and sewer	\$ 188,794
Hawks creek golf course	<u>195,092</u>
Total business-type activities	<u>\$ 383,886</u>

**E. Long-term Debt**

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include certificates of obligation, revenue bonds, general obligation bonds and capital leases. These debt obligations are secured by either future tax revenue, golf course revenue, or liens on property and equipment. Debt obligations that are intended to be repaid from golf course revenue have been recorded as business-type activities. All other long-term obligations of the City are considered to be governmental type activities.

**Certificates of Obligation and Bonds**

A summary of the terms of general obligation bonds, combination tax and revenue bonds, and certificates of obligation outstanding at September 30, 2021, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Outstanding 9/30/2021	
<b>Governmental Activities</b>				
<u>Certificates of Obligation Bonds</u>				
2017 Certificates of Obligation	\$ 1,743,000	2032	2.63%	\$ 1,346,000
2013 Certificates of Obligation	4,000,000	2033	2%-5%	2,735,010
<u>General Obligation Bonds</u>				
2019 General Obligation Bonds	3,625,000	2030	2%-5%	<u>3,055,000</u>
Total governmental activities				<u>\$ 7,136,010</u>
<b>Business-type Activities</b>				
<u>Certificates of Obligation Bonds</u>				
2013 Certificates of Obligation	\$ 1,170,000	2033	2%-5%	<u>\$ 799,990</u>

Annual debt service requirements for the governmental activities for general obligation bonds, certificates of obligation, and tax and revenue bonds are as follows:

Fiscal Year Ending	General Obligation Bonds		Certificates of Obligation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 300,000	\$ 87,950	\$ 181,818	\$ 122,747	\$ 481,818	\$ 210,697
2023	310,000	78,950	185,687	116,838	495,687	195,788
2024	320,000	69,650	193,424	109,410	513,424	179,060
2025	330,000	60,050	201,161	101,674	531,161	161,724
2026	335,000	50,150	208,897	93,627	543,897	143,777
2027-2031	1,460,000	99,900	1,199,226	319,209	2,659,226	419,109
2032-2036	-	-	564,797	42,747	564,797	42,747
Total	<u>\$ 3,055,000</u>	<u>\$ 446,650</u>	<u>\$ 2,735,010</u>	<u>\$ 906,251</u>	<u>\$ 5,790,010</u>	<u>\$ 1,352,901</u>

Annual debt service requirements for the governmental activities private placement certificates of obligations are as follows:

Fiscal Year Ending	Certificates of Obligation	
	Principal	Interest
2022	\$ 107,000	\$ 35,400
2023	110,000	32,586
2024	113,000	29,693
2025	116,000	26,721
2026	119,000	23,670
2027-2031	642,000	69,800
2032-2036	<u>139,000</u>	<u>3,655</u>
Total	\$ <u>1,346,000</u>	\$ <u>221,525</u>

Annual debt service requirements for the business-type activities for certificates of obligation bonds are as follows:

Fiscal Year Ending	Certificates of Obligation	
	Principal	Interest
2022	\$ 53,182	\$ 35,903
2023	54,313	34,175
2024	56,576	32,003
2025	58,839	29,740
2026	61,103	27,386
2027-2031	350,774	93,368
2032-2036	<u>165,203</u>	<u>12,503</u>
Total	\$ <u>799,990</u>	\$ <u>265,078</u>

### Federal Arbitrage

General obligation bonds, combination tax and revenue bonds and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

### Obligations Under Capital Leases

In the current and prior years, the City entered into capital lease agreements in order to purchase golf carts and other equipment for the golf course. These capital lease agreements have interest rates ranging from 2.97% - 8.99%. The assets acquired through these capital lease agreements are as follows:

	Business-type Activities
Equipment	\$ 236,577
Less: accumulated depreciation	( 224,309)
Total	\$ <u>12,268</u>

Future minimum lease payments for capital leases obligations are as follows:

<u>Fiscal Year Ending</u>	<u>Business-type Activities</u>
2022	62,920
2023	184,559
Amount representing interest	( <u>10,902</u> )
Present value of future minimum capital lease payments	\$ <u>236,577</u>

### Changes in Long-term Liabilities

Long-term liability activity of the City for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
General obligation bonds	\$ 3,345,000	\$ -	\$ 290,000	\$ 3,055,000	\$ 300,000
Certificates of obligation	2,909,091	-	174,081	2,735,010	181,818
Certificates of obligation Private placement	1,450,000	-	104,000	1,346,000	107,000
Premium on bond issuance	323,742	-	28,918	294,824	-
Compensated absences	<u>43,654</u>	<u>42,095</u>	<u>59,059</u>	<u>26,690</u>	<u>5,338</u>
Governmental activities long-term liabilities	<u>\$ 8,071,487</u>	<u>\$ 42,095</u>	<u>\$ 656,058</u>	<u>\$ 7,457,524</u>	<u>\$ 594,156</u>
<b>Business-type activities</b>					
Certificates of obligation	\$ 850,910	\$ -	\$ 50,920	\$ 799,990	\$ 53,182
Capital lease obligations	287,528	-	50,951	236,577	55,774
Compensated absences	<u>27,453</u>	<u>20,614</u>	<u>21,172</u>	<u>26,895</u>	<u>5,379</u>
Business-type activities long-term liabilities	<u>\$ 1,165,891</u>	<u>\$ 20,614</u>	<u>\$ 123,043</u>	<u>\$ 1,063,462</u>	<u>\$ 114,335</u>

The compensated absence liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The City's general obligation bonds are secured by revenue from ad valorem taxes on all taxable property in the City. The certificates of obligation are payable from annual ad valorem taxes levied against all taxable property in the City and payable from a limited pledge of the surplus net revenues, not to exceed \$1,000, derived from the operation of the City's combined waterworks and sewer system. Should the City default on these bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

The City's direct borrowings (capital leases) are secured by the financed equipment as collateral.

Long-term liability activity of the discretely presented component unit for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>CCPD</b>					
Compensated absences	<u>\$ 6,909</u>	<u>\$ 11,252</u>	<u>\$ 11,130</u>	<u>\$ 7,031</u>	<u>\$ 1,406</u>
Component unit long-term liabilities	<u>\$ 6,909</u>	<u>\$ 11,252</u>	<u>\$ 11,130</u>	<u>\$ 7,031</u>	<u>\$ 1,406</u>

**F. General Fund Restricted Fund Balance**

At September 30, 2021, the General Fund other restricted fund balance consisted of the following:

Court security	\$ 18,717
Police donations	1,641
CCPD donations	266
Library donations	811
Fire donations	4,637
Replacement of trees	<u>26,115</u>
Total	<u>\$ 52,187</u>

**G. Defined Benefit Pension Policies**

**Plan Descriptions.** The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the city are required to participate in TMRS.

**Benefits Provided.** TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating
Cost of living adjustments (COLA) for retirees	70% of consumer price index (CPI)

The employer contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage. There is an optional higher maximum rate that may be applied in certain circumstances if elected by participating cities, or a city may elect to remove the maximum rate. The City of Westworth Village, Texas has elected to use the optional higher maximum contribution rate which is 11.74%.

**Employees covered by benefit terms**

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	60
Active employees	<u>38</u>
Total	<u><u>121</u></u>

**Contributions.** The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Westworth Village were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 11.94% in calendar years 2019 and 2020. The City’s contributions to TMRS for the year ended September 30, 2021 were \$304,587 and were equal to the required contributions.

**Net Pension Liability.** The City’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum. The city should insert the plan provisions that they have adopted. For example, the city may include retirement eligibility, employee and employer deposit rates, vesting requirements, and other provisions such as cost-of-living adjustments or updated service credit. Plan provisions, by city, are included in the last section of TMRS’ Annual Comprehensive Financial Report (ACFR). The city may also want to refer to TMRS’ Plan Description footnote, in the TMRS CAFR, to obtain additional language regarding the pension plan. mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

***Discount Rate***

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

## Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 6,721,488	\$ 6,285,593	\$ 435,895
Changes for the year:			
Service cost	416,135	-	416,135
Interest	458,606	-	458,606
Difference between expected and actual experience	( 428,612)	-	( 428,612)
Changes in assumptions			
Contributions - employer	-	278,840	( 278,840)
Contributions - employee	-	166,264	( 166,264)
Net investment income	-	478,392	( 478,392)
Benefit payments, including refunds of employee contributions	( 270,793)	( 270,793)	-
Administrative expense	-	( 3,087)	3,087
Other changes	-	( 121)	121
Net changes	<u>175,336</u>	<u>649,495</u>	<u>( 474,159)</u>
Balance at 12/31/2020	<u>\$ 6,896,824</u>	<u>\$ 6,935,088</u>	<u>\$ ( 38,264)</u>

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,117,527	\$( 38,264)	\$( 953,666)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

### Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.

For the year ended September 30, 2021, the City recognized pension expense of \$73,873.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 26,064	\$ 299,394
Changes in actuarial assumptions	13,360	-
Difference between projected and actual investment earnings	-	177,776
Contributions subsequent to the measurement date	<u>201,584</u>	<u>-</u>
Total	<u>\$ 241,008</u>	<u>\$ 477,170</u>

\$201,584 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,		
2022	(	175,308)
2023	(	130,024)
2024	(	121,591)
2025	(	10,823)

#### H. **Defined Other Post-Employment Benefit Plans**

##### **TMRS Supplemental Death Benefits Fund**

**Plan Description.** The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>38</u>
Total	<u><u>62</u></u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.20% for 2021 and 0.19% for 2019, of which 0.02% and 0.03%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2021 and 2020 were \$1,692 and \$703 respectively.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2020
Inflation rate	2.50% per annum
Discount rate	2.00%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational bases with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.00% was used to measure the Total OPEB Liability. Because the plan is essentially an unfunded trust plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	\$ 174,204	\$ 140,610	\$ 115,244

**OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs.** At September 30, 2021, the City reported a liability of \$140,610 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2020. For the year ended September 30, 2021, the City recognized OPEB expense of \$18,041. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2019	\$ 117,291
Changes for the year:	
Service cost	9,738
Interest	3,350
Differences between expected and actual experience	( 8,712)
Changes of assumptions	19,657
Benefit payments	( 714)
Net changes	<u>23,319</u>
Balance at 12/31/2020	<u>\$ 140,610</u>

The total OPEB liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Changes in assumptions reflect a change in the discount rate from 2.75% to 2.00%.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 508	\$ 8,949
Changes in actuarial assumptions	31,919	3,528
Differences between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>1,511</u>	<u>-</u>
Totals	<u>\$ 33,938</u>	<u>\$ 12,477</u>

\$1,511 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	\$ 4,953
2023	4,953
2024	4,152
2025	4,385
2026	1,507

**III. OTHER INFORMATION**

**A. Economic Dependency**

Since the City's largest revenue in the General Fund and the discretely presented component unit, Crime Control and Prevention District, is sales tax, revenue may vary according to the strength of the economy of the Dallas-Fort Worth metropolitan area.

**B. Other Commitments and Contingencies**

**Contracts**

The City contracted with Progressive Waste Solutions of Texas, Inc. for the collection, hauling, recycling and disposal of municipal solid waste, construction and demolition waste, and recyclable materials. The City bills directly the residential customers a set monthly rate and pays Progressive Waste Solutions of Texas, Inc. monthly.

In addition, the City receives a franchise fee from Progressive Waste Solutions of Texas, Inc. The franchise fee is 5% of commercial billings. For the fiscal year ended September 30, 2021, the City expended \$96,596 for sanitation services provided by Progressive Waste Solutions of Texas, Inc.

The City has a contract with the City of Fort Worth, Texas, for the purchase of treated water and for sewage treatment. The contract for water, dated November 16, 2010. The contract for sewer is dated May 8, 1987, for a 30-year period. Charges are incurred when actual delivery occurs and the rates are adjusted periodically. For the fiscal year ended September 30, 2021, the City's purchases for water and sewer treatment were \$529,572.

### **Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains risk of loss up to \$1,000,000 for general liability, statutory limits for workers' compensation, \$1,000,000 for law enforcement liability, \$500,000 for errors and omissions liability, \$1,000,000 for automobile liability, \$8,949,037 for real and personal property, and \$1,858,883 for mobile equipment. The City obtains independent coverage for losses in excess of these amounts. The City retains no risk except for deductible amounts ranging from \$500 to \$10,000.

There have been no significant reductions in coverage in the past fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

### **C. Related Party Transactions**

In 2021, the City received professional services from a firm that is partially owned by a member of City Council. The City paid the vendor \$36,057 for services. The member of City Council abstained from voting during decisions made about this vendor.

### **D. Extraordinary Item**

In December 2020, the City made a payment of \$600,000 to a neighboring municipality under the terms of a compromise settlement agreement related to litigation.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 926,884	\$ 926,884	\$ 840,677	\$( 86,207)
Sales taxes	1,201,238	1,201,238	1,054,079	( 147,159)
Franchise fees and other taxes	386,500	386,500	343,430	( 43,070)
Licenses and permits	204,900	204,900	341,311	136,411
Intergovernmental	46,000	46,000	82,684	36,684
Charges for services	11,600	11,600	1,147	( 10,453)
Fines and forfeitures	279,700	279,700	292,562	12,862
Royalties	-	-	6,992	6,992
Investment earnings	13,000	13,000	5,210	( 7,790)
Contributions	135,000	135,000	133,568	( 1,432)
Miscellaneous	5,000	5,000	81,403	76,403
Total revenues	<u>3,209,822</u>	<u>3,209,822</u>	<u>3,183,063</u>	<u>( 26,759)</u>
<b>EXPENDITURES</b>				
Current:				
General government	826,904	826,904	993,305	( 166,401)
Judicial	157,978	157,978	143,374	14,604
Public safety:				
Police	1,539,001	1,539,001	1,347,260	191,741
Fire	354,212	354,212	356,631	( 2,419)
Culture and recreation	2,500	2,500	3,306	( 806)
Total expenditures	<u>2,880,595</u>	<u>2,880,595</u>	<u>2,843,876</u>	<u>36,719</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>329,227</u>	<u>329,227</u>	<u>339,187</u>	<u>9,960</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	192,750	192,750	451,379	258,629
Total other financing sources (uses)	<u>192,750</u>	<u>192,750</u>	<u>451,379</u>	<u>258,629</u>
<b>EXTRAORDINARY ITEM</b>	<u>-</u>	<u>-</u>	<u>( 600,000)</u>	<u>( 600,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	521,977	521,977	190,566	( 331,411)
<b>FUND BALANCE, BEGINNING</b>	<u>4,236,315</u>	<u>4,236,315</u>	<u>4,236,315</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	\$ <u>4,758,292</u>	\$ <u>4,758,292</u>	\$ <u>4,426,881</u>	\$ <u>( 331,411)</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
WESTWORTH REDEVELOPMENT AUTHORITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 300,310	\$ 300,310	\$ 332,857	\$ 32,547
Royalties	-	-	451,379	451,379
Contributions	-	-	100,000	-
Investment earnings	3,000	3,000	62	( 2,938)
Miscellaneous	850	850	65,892	65,042
Total revenues	<u>304,160</u>	<u>304,160</u>	<u>950,190</u>	<u>646,030</u>
<b>EXPENDITURES</b>				
Current:				
Redevelopment	<u>664,030</u>	<u>664,030</u>	<u>715,977</u>	<u>( 51,947)</u>
Total expenditures	<u>664,030</u>	<u>664,030</u>	<u>715,977</u>	<u>( 51,947)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 359,870)</u>	<u>( 359,870)</u>	<u>234,213</u>	<u>594,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 115,000)</u>	<u>( 115,000)</u>	<u>( 451,379)</u>	<u>( 336,379)</u>
Total other financing sources (uses)	<u>( 115,000)</u>	<u>( 115,000)</u>	<u>( 451,379)</u>	<u>( 336,379)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 474,870)</u>	<u>( 474,870)</u>	<u>( 217,166)</u>	<u>257,704</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,248,533</u>	<u>1,248,533</u>	<u>1,248,533</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 773,663</u>	<u>\$ 773,663</u>	<u>\$ 1,031,367</u>	<u>\$ 257,704</u>

## **CITY OF WESTWORTH VILLAGE, TEXAS**

### NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2021

#### **Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first day of September of each year and at least 30 days prior to adoption of a tax rate for the current fiscal year, the City Mayor or his designated representative submits to the City Council a balanced budget for the ensuing fiscal year.
2. The City Council holds one or more public hearings on the proposed budget prior to the final adoption.
3. The City Council adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
4. Annual budgets for the General Fund, Capital Projects Fund, Debt Service Fund, and Westworth Redevelopment Authority are adopted on a basis consistent with generally accepted accounting principles and are presented in the City's annual financial report.
5. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
6. The City Council may authorize additional appropriations during the year.

#### **Excess of Expenditures Over Appropriations**

For the year ended September 30, 2021, expenditures exceeded appropriations in the following functions/characters (legal level of budgetary control) of the General Fund: general government, fire, and culture and recreation. The Westworth Redevelopment Authority fund expenditures exceeded appropriations in the redevelopment function. These overages were funded by transfers from other funds or additional revenues in the subsequent year.

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>Measurement Date December 31,</b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>A. Total pension liability</b>		
Service Cost	\$ 325,980	\$ 388,961
Interest (on the Total Pension Liability)	243,407	278,811
Changes in benefit terms	-	-
Difference between expected and actual experience	38,910	( 92,096)
Changes of assumptions	-	37,923
Benefit payments, including refunds of employee contributions	<u>( 101,637)</u>	<u>( 166,399)</u>
Net change in total pension liability	506,660	447,200
Total pension liability - beginning	<u>3,365,067</u>	<u>3,871,727</u>
Total pension liability - ending (a)	\$ <u>3,871,727</u>	\$ <u>4,318,927</u>
<b>B. Plan fiduciary net position</b>		
Contributions - employer	\$ 174,048	\$ 265,005
Contributions - employee	148,036	166,527
Net investment income	169,991	4,958
Benefit payments, including refunds of employee contributions	( 101,637)	( 166,399)
Administrative Expenses	( 1,774)	( 3,019)
Other	<u>( 146)</u>	<u>( 150)</u>
Net change in plan fiduciary net position	388,518	266,922
Plan fiduciary net position - beginning	<u>2,970,851</u>	<u>3,359,369</u>
Plan fiduciary net position - ending (b)	\$ <u>3,359,369</u>	\$ <u>3,626,291</u>
<b>C. Net pension liability (asset) - ending (a) - (b)</b>	\$ <u>512,358</u>	\$ <u>692,636</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	86.77%	83.96%
<b>E. Covered payroll</b>	\$ 2,114,797	\$ 2,378,963
<b>F. Net position liability (asset) as a percentage of covered payroll</b>	24.23%	29.12%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule but information prior to 2014 is not available.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 419,166	\$ 460,456	\$ 430,778	\$ 429,190	\$ 416,135
309,126	343,022	372,622	412,344	458,606
95,890	-	-	-	-
( 128,502)	( 169,119)	5,663	63,999	( 428,612)
-	-	-	34,074	-
<u>( 89,509)</u>	<u>( 147,042)</u>	<u>( 214,962)</u>	<u>( 224,635)</u>	<u>( 270,793)</u>
606,171	487,317	594,101	714,972	175,336
<u>4,318,927</u>	<u>4,925,098</u>	<u>5,412,415</u>	<u>6,006,516</u>	<u>6,721,488</u>
\$ <u>4,925,098</u>	\$ <u>5,412,415</u>	\$ <u>6,006,516</u>	\$ <u>6,721,488</u>	\$ <u>6,896,824</u>
\$ 270,685	\$ 305,447	\$ 300,595	\$ 288,006	278,840
173,516	179,966	170,654	171,578	166,264
245,319	585,757	( 154,319)	812,203	478,392
( 89,509)	( 147,042)	( 214,962)	( 224,635)	( 270,793)
( 2,768)	( 3,034)	( 2,978)	( 4,580)	( 3,087)
<u>( 149)</u>	<u>( 154)</u>	<u>( 156)</u>	<u>( 138)</u>	<u>( 121)</u>
597,094	920,940	98,834	1,042,434	649,495
<u>3,626,291</u>	<u>4,223,385</u>	<u>5,144,325</u>	<u>5,243,159</u>	<u>6,285,593</u>
\$ <u>4,223,385</u>	\$ <u>5,144,325</u>	\$ <u>5,243,159</u>	\$ <u>6,285,593</u>	\$ <u>6,935,088</u>
\$ <u>701,713</u>	\$ <u>268,090</u>	\$ <u>763,357</u>	\$ <u>435,895</u>	\$ <u>( 38,264)</u>
85.75%	95.05%	87.29%	93.51%	100.55%
\$ 2,478,804	\$ 2,570,942	\$ 2,437,908	\$ 2,451,112	\$ 2,537,042
28.31%	10.43%	31.31%	17.78%	-1.51%

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>Fiscal Year Ended September 30,</b>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>
Actuarial determined contribution	\$ 167,183	\$ 239,897	\$ 263,345
Contributions in relation to the actuarially determined contribution	<u>167,183</u>	<u>239,897</u>	<u>263,345</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	2,058,565	2,265,872	2,400,339
Contributions as a percentage of covered payroll	8.12%	10.59%	10.97%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule but information prior to 2014 is not available.

**NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes There were no benefit changes during the year.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 303,440	\$ 305,447	\$ 300,595	\$ 299,740	\$ 273,270
<u>303,440</u>	<u>305,447</u>	<u>300,595</u>	<u>299,740</u>	<u>273,270</u>
-	-	-	-	-
2,613,573	2,479,769	2,457,342	2,451,112	2,375,198
11.61%	12.32%	12.23%	12.23%	11.51%

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEAL BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

<b>Measurement Date December 31,</b>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>
<b>A. Total OPEB liability</b>				
Service Cost	\$ 8,484	\$ 9,264	\$ 7,845	\$ 9,738
Interest (on the Total OPEB Liability)	2,646	2,905	3,449	3,350
Differences between expected and actual experience	-	974	( 2,619)	( 8,714)
Changes of assumptions and other inputs	6,881	( 6,762)	19,823	19,657
Benefit payments, including refunds of employee contributions	( 771)	( 488)	( 490)	( 713)
Net change in Total OPEB liability	17,240	5,893	28,008	23,318
Total OPEB liability - beginning	<u>66,151</u>	<u>83,391</u>	<u>89,284</u>	<u>117,292</u>
Total OPEB liability - ending	<u>\$ 83,391</u>	<u>\$ 89,284</u>	<u>\$ 117,292</u>	<u>\$ 140,610</u>
<b>B. Covered-employee payroll</b>	\$ 2,570,942	\$ 2,437,908	\$ 2,451,112	\$ 2,375,198
<b>C. Total OPEB liability as a percentage of covered-employee payroll</b>	3.24%	3.66%	4.79%	5.92%

**Notes to Schedule:**

- No assets are accumulated in a trust for the retiree health care plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes of assumptions was a decrease in the discount rate from 3.71% to 2.75%.

## **SUPPLEMENTAL INFORMATION**

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
<b>REVENUES</b>				
Property taxes	\$ 776,121	\$ 776,121	\$ 776,535	\$ 414
Investment earnings	8,500	8,500	172	( 8,328)
Contributions	<u>27,328</u>	<u>27,328</u>	<u>111,511</u>	<u>84,183</u>
Total revenues	<u>811,949</u>	<u>811,949</u>	<u>888,218</u>	<u>76,269</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	619,000	619,000	568,081	50,919
Interest and other fees	<u>301,686</u>	<u>301,686</u>	<u>264,006</u>	<u>37,680</u>
Total expenditures	<u>920,686</u>	<u>920,686</u>	<u>832,087</u>	<u>88,599</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 108,737)	( 108,737)	56,131	( 164,868)
<b>FUND BALANCE, BEGINNING</b>	<u>399,492</u>	<u>399,492</u>	<u>399,492</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	\$ <u>290,755</u>	\$ <u>290,755</u>	\$ <u>455,623</u>	\$ <u>164,868</u>

Note: The original and final budgeted debt service expenditures include payments that are made from a proprietary fund. This results in a variance between budgeted and actual amounts.

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 181,075	\$ 181,075
Charges for services	11,120	11,120	-	( 11,120)
Investment earnings	3,000	3,000	12	( 2,988)
Contributions	75,000	75,000	30,000	( 45,000)
Total revenues	<u>89,120</u>	<u>89,120</u>	<u>211,087</u>	<u>121,967</u>
<b>EXPENDITURES</b>				
Capital outlay	410,000	410,000	260,236	149,764
Total expenditures	<u>410,000</u>	<u>410,000</u>	<u>260,236</u>	<u>149,764</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 320,880)</u>	<u>( 320,880)</u>	<u>( 49,149)</u>	<u>271,731</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	246,000	246,000	-	( 246,000)
Total other financing sources (uses)	<u>246,000</u>	<u>246,000</u>	<u>-</u>	<u>( 246,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 74,880)</u>	<u>( 74,880)</u>	<u>( 49,149)</u>	<u>25,731</u>
<b>FUND BALANCE, BEGINNING</b>	<u>700,658</u>	<u>700,658</u>	<u>700,658</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 625,778</u>	<u>\$ 625,778</u>	<u>\$ 651,509</u>	<u>\$ 25,731</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
STREET FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Sales tax	\$ 300,310	\$ 300,310	\$ 332,857	\$ 32,547
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,070</u>	<u>1,070</u>
Total revenues	<u>300,310</u>	<u>300,310</u>	<u>333,927</u>	<u>33,617</u>
<b>EXPENDITURES</b>				
Current:				
Public works	155,516	155,516	55,583	99,933
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>170,516</u>	<u>170,516</u>	<u>55,583</u>	<u>114,933</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>129,794</u>	<u>129,794</u>	<u>278,344</u>	<u>148,550</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( 71,000)	( 71,000)	-	71,000
Total other financing sources (uses)	<u>( 71,000)</u>	<u>( 71,000)</u>	<u>-</u>	<u>71,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	58,794	58,794	278,344	219,550
<b>FUND BALANCE, BEGINNING</b>	<u>27,368</u>	<u>27,368</u>	<u>27,368</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 86,162</u>	<u>\$ 86,162</u>	<u>\$ 305,712</u>	<u>\$ 219,550</u>

## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
of the City Council and Citizens  
City of Westworth Village, Texas

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Westworth Village, Texas (the “City”) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 29, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
March 29, 2022